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Konarka Raises \$20M in Funds

Solar company says the money will help it find global partners for its Power Plastic.

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Solar company Konarka Technologies on Tuesday said it raised \$20 million in venture capital, another sign that investors are warming up to solar energy.

The Series D round brings Konarka's total venture funding to \$60 million, including a \$7-million line of venture debt the company announced in May from Lighthouse Capital Partners (see [Venture Capital Roundup](#)).

Investors included 3i, which led the round, and previous investors Draper Fisher Jurvetson, New Enterprise Associates, Good Energies, Vanguard Ventures, Partech International, and Chevron Technology Ventures.

"Energy is one of the greatest problems facing the world this century," said Marko Maschek, a partner with 3i. He said Konarka was "uniquely positioned to deliver innovative solar energy."

Konarka, a *Red Herring 100* company based in Lowell, Massachusetts, makes a flexible solar plastic that it says weighs less than traditional solar products and costs one-third as much to make (see [The Hottest Private Companies in North America](#)).

Mr. Maschek said Konarka's technology is unique, with a form factor advantage, different materials, and innovative manufacturing and processes. The "continuous roll-to-roll" process is much less expensive and capital intensive than the assembly of traditional solar cells, he said.

"The company has brought proven coating and printing know-how from the chemical, photographic film, and flexible electronics industries to energy via a new class of nano-engineered materials," he said.

The company got its start in 2000, with the U.S. Army funding of a team of scientists, coordinated by the Army's labs in Natick, Massachusetts, to develop photovoltaic technology for soldiers. The technology was supplemented by Konarka's acquisition of the solar research wing of German electronics giant Siemens in 2004 (see [Next Wave: Solar Energy, Hotter Than Ever](#), and [Top 100 Innovative Companies: Konarka, Fortunate Sun](#)).

In September, Konarka announced it was partnering with textile maker Textronics to develop clothing and accessories that generate energy for mobile devices (see [Clothes May Power Cell Phones](#)). Also last year, Konarka opened a new European headquarters, including R&D labs, in Germany (see [New Norwegian Energy Fund](#)).

Howard Berke, CEO of Konarka, said analysts have estimated that the solar market represented an \$11-billion opportunity in 2005 and could be worth more than \$30 billion by 2010.

Indeed, there is no question the solar sector is growing. The top three tech IPOs last year were solar companies (see [2005: Fewer IPOs, Fewer Deals](#)), and solar firms such as Energy Innovations, HelioVolt, Nanosolar, and Miasolé raised money (see [Energy Innovations Gets Cash](#)).

Solar Bubble?

Much of the activity has been driven by high energy prices and worries of an impending energy crisis. Some analysts and investors have speculated the solar sector could be in a bubble, as stock prices rise quickly and



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much of the market is based on government subsidies (see [Solar Power, the Chinese Way](#)).

3i and other Konarka investors apparently are willing to take their chances. "We don't think this is a bubble, but a growing market," Mr. Maschek said.

Konarka's Mr. Berke didn't say whether this round will be the company's last, and wouldn't give any estimates about when the company might become self-sustaining. Konarka lists customers as the U.S. Army and Air Force, and in May announced it signed a \$1.6-million contract with the Army. But the company isn't yet in mass production. Analysts describe the company as "pre-revenue."

Still, Mr. Maschek said 3i has no concerns about the number of rounds, and added that the company does not "currently" have plans for additional funding.

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